

## Fast growth, personal enthusiasm define Nebraska's Community/Rural Lender of the Year

**OMAHA--**They're pugnacious and they're hungry, and they'll show some hustle to get their customer a loan. So the bank has extra paperwork to do to put a restaurant into a loan backed by the U.S. Small Business Administration (SBA) to improve the eatery's cash flow? "Bring it on," said Kathryn Barker, Centennial Bank's Vice President for Business Banking, from her office in the bank's main branch on S. 145<sup>th</sup>. St. in Omaha.

For attitude and results, Centennial has been named the 2010 SBA Community/Rural Lender of the Year for Nebraska.



Centennial, in the face of a credit crunch and a deep recession, has seen its assets and loan volume shoot up dramatically over the past two years. In 2009, the bank saw its loan volume rise by more than 22 percent and assets by 28 percent.

Starting in 2006, Bank President John Sorrell led the effort to grab a niche in small business lending; the \$1.5 million cap on loans set by the SBA is perfect for the bank's size. They've had enough growth in assets to raise their legal lending limit from \$600,000 per loan to \$1.9 million. There's been enough work to hire additional staff within the bank to handle processing SBA loans and to strengthen relationships with their clients. The percentage of their portfolio devoted to SBA loans shows the direction this bank is headed: they've gone from four percent in 2007 to five percent in 2008 to a projected 17 percent in 2009.

Centennial's extra work on behalf of its clients proved crucial to Prime Rigging, a Lincoln, NE-based provider of rigging for heavy industrial customers. The firm sought to restructure its existing debt to take advantage of falling interest rates and obtain another loan to start up a contracting subsidiary.

"We found that other banks wanted to put us in a box," Owner Carl Applegate said. "They didn't want to take a look at where our business was and how far we had come from a start-up to where we are now. They didn't look at you as a unique individual or a company, with your own needs. To them, all that mattered was whether you fit into a category with them, and what category they would fit you in determined how they were going to treat you. None of the people we talked to about consolidating our debt were trying to develop a long-term relationship with us."

Their loan with Centennial, backed by the SBA, closed in late June; as a result, Prime Rigging kept four workers employed and allowed them to hire a couple more.

Applegate and his partner returned to Centennial for SBA financing to launch National Paint and Powder, which expects to begin operations in 2010 as the exclusive North American



Bank President John Sorrell, Vice-President Kathryn Barker and Lead Lender Relations Specialist Mike Niehaus during the award presentation at the networking breakfast May 14, 2010.

distributor for a long-established Italian company which produces catalytic heaters for cure ovens. Applegate said the new firm likely will hire five or six people for their Iowa office within the first 12 months, and expectations are high for future distribution locations in Alabama, Tennessee and California.

“It’s easy,” Barker said, “for a banker to say no to a loan. If you want to maintain your current portfolio as a bank, you can do pretty well. But we have to be a little more innovative, a little bolder.”

Sometimes, they’ll even make house calls to doctors.

Dr. Dean Arkfeld, Dr. Camilla Parson and Dr. Michael Goldstein are three Omaha area ophthalmologists who had practiced together for about 20 years. The

three wanted to hang a new shingle and needed financing for leasehold improvements at the new practice’s two Omaha locations. The trio worked with area management consultant Laurie Baedke to seek financing, and after interviewing three different banks, the group chose Centennial. While its rate and terms were very competitive, Baedke said, it was Centennial’s “ability to understand our business and provide solutions for a competitive advantage in our start-up. They didn’t package up a loan and put it all into a neat box, they shattered that box to customize a solution.”

Not once, Baedke said, did Barker make them stop by her office to look over documents; on the contrary, the banker often met Baedke and the doctors at their location to bring documents to review and sign. As a result of Centennial’s efforts to secure the SBA loan, the practice will be ready to hire 32 new people in January.

Centennial admits provisions of the American Recovery and Reinvestment Act (ARRA) such as a temporary removal of processing fees, helped them grow their list of clients using SBA loans. One of them is The Cookie Company, which, with some encouragement from Centennial, recently expanded from their existing location in Omaha’s Oakview Mall to another a few miles away at Westroads Mall.

“If it weren’t for them letting us know about the Recovery Act, I don’t think we would have taken the risk to open a second store,” owner Ellen Junge said. “We knew Westroads wanted us to open a store in their mall, but these days, it was just too scary with the economy the way it is, with interest rates what they are.”

Similar to her work with the ophthalmologist clinic, Barker often visited the business to deliver papers, going out of her way numerous times to ensure The Cookie Company got the loan they needed. “That’s the kind of banker you want to work for with, especially in these times,” Junge added.

Centennial understands as the SBA transitions away from the benefit of ARRA funds, and temporary lifting fees of up to three percent of SBA-backed loans ends, the bank will have to remain aggressive to pursue its business lending goals.

“We want to establish ourselves as a strong SBA lender,” Sorrell said. “Our business is built on referral, helping to build good will, so that as the fees come back, our clients will stay with us, anyway.”

With a small marketing budget, Centennial depends on word-of-mouth to bring in new clients, such as an Omaha-area convenience store. Centennial led the business through the process of a loan to purchase the property for one store, and close a loan for working capital for another. As a result, the two stores will hire from 10-12 new people.

“It’s real easy in good times to say yes to a loan,” said Sorrell. “Bad times are a true test of character.”

If it’s true that small businesses are the key to an economic recovery, Centennial’s bankers promise to be right there with them in good times and bad, hustling out the door with a sheaf of papers as they go the extra mile for the benefit of their clients.